

Daniel A. Jensen (A5296)  
PARR WADDOUPS BROWN GEE & LOVELESS  
185 South State Street, Suite 1300  
Salt Lake City, UT 84111  
Telephone: (801) 532-7840

**FILED**

SEP 26 2000

SECRETARY, BOARD OF  
OIL, GAS & MINING

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**BEFORE THE BOARD OF OIL, GAS AND MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH**

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IN THE MATTER OF THE REQUEST )  
FOR AGENCY ACTION OF **ANADARKO** )  
**PETROLEUM CORPORATION** FOR AN )  
AMENDMENT TO THE WELL SPACING )  
ORDERS IN CAUSE NOS. 241-1 )  
AND 241-2 TO ESTABLISH SIMI- )  
LAR 160-ACRE DRILLING AND )  
SPACING UNITS FOR THE PRODUC- )  
TION OF GAS (INCLUDING COAL- )  
BED METHANE) FROM THE FERRON )  
FORMATION IN CERTAIN ADJACENT )  
LANDS WITHIN THE HELPER COAL- )  
BED METHANE FIELD IN T13S, )  
R10E; T13S, R11E; T14S, R10E; )  
AND T14S, R11E; SLM, CARBON )  
COUNTY, UTAH )

**FINDINGS OF FACT,  
CONCLUSIONS OF LAW,  
AND ORDER**

Docket No. 2000-010

Cause No. 241-4

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Pursuant to the July 10, 2000 Request for Agency Action ("Petition") of Anadarko Petroleum Corporation ("Petitioner"), this cause came on for hearing before the Utah Board of Oil, Gas and Mining (the "Board") on Wednesday, August 23, 2000, at the hour of 5:30 p.m. at the Department of Natural Resources Auditorium in Salt Lake City, Utah. The following Board members, constituting a quorum, were present and participated at the hearing:

Dave Lauriski, Chairman  
James Peacock  
Elise Erler  
Raymond Murray

Attending and participating on behalf of the Division of Oil, Gas and Mining (the "Division") were Lowell Braxton, Director; John Baza, Associate Director; and Brad Hill, Geologist. The Division was represented by Thomas A. Mitchell, Assistant Attorney General. Counsel to the Board was Kurt E. Seel, Assistant Attorney General.

The United States Bureau of Land Management ("BLM") was represented by Assad M. Raffoul, Petroleum Engineer from the Utah State Office. The Utah School and Institutional Trust Lands Administration was not represented.

Testifying on behalf of Petitioner were J. Robert Dunleavy, Senior Staff Engineer for Petitioner, and Clint W. Turner, independent professional landman. Petitioner was represented by Daniel A. Jensen of Parr Waddoups Brown Gee & Loveless.

The Division and the BLM made statements in support of the Petition. No statements were made in opposition to the Petition.

The Board having considered the testimony presented and the exhibits received at the hearing, being fully advised, and for good cause appearing, hereby makes and enters the following Findings of Fact, Conclusions of Law, and Order.

#### FINDINGS OF FACT

1. The Petition seeks an order amending the well spacing orders entered by the Board on January 2, 1998 in Cause No. 241-1, Docket No. 97-023, and on June 17, 1998 in Cause No. 241-2, Docket No. 98-008 (the "Prior Orders") to establish similar 160-acre drilling and spacing units for the production of gas, including but not limited to coalbed methane, from the Ferron Formation in the

following-described lands (hereafter the "Additional Lands"), which lands are adjacent and contiguous to the lands that were the subject of the Prior Orders:

T13S, R10E, SLM, Carbon County, Utah

Section 13: All  
Section 14: All  
Section 15: All  
Section 17: All  
Section 19: Lots 3 and 4,  $E\frac{1}{2}SW\frac{1}{4}$  [ $SW\frac{1}{4}$ ];  $E\frac{1}{2}$   
Section 20:  $N\frac{1}{2}$   
Section 21:  $NW\frac{1}{4}$   
Section 30:  $E\frac{1}{2}$

T13S, R11E, SLM, Carbon County, Utah

Section 17: All  
Section 18: All  
Section 19: All  
Section 20: All  
Section 29: All  
Section 30: All  
Section 31: All  
Section 32: All

T14S, R10E, SLM, Carbon County, Utah

Section 12: All  
Section 13: All  
Section 14: All  
Section 23:  $E\frac{1}{2}$   
Section 24: All

T14S, R11E, SLM, Carbon County, Utah

Section 5: All  
Section 6: All  
Section 7: All  
Section 8: All  
Section 17: All  
Section 18: All  
Section 19: All  
Section 20: All

2. For purposes of this Petition, the Ferron Formation is defined, consistently with the Prior Orders, as the stratigraphic equivalent of the interval from 1,968 feet below the surface to

2,214 feet below the surface as shown in the density log for the Birch A-1 well located in the SW $\frac{1}{4}$  of Section 5, T14S, R10E, SLM.

3. Petitioner is a Delaware corporation in good standing and authorized to conduct business in the State of Utah.

4. Petitioner is an operating rights owner in a substantial portion of the Additional Lands (as well as other adjacent lands) and is actively seeking to secure such rights with respect to the remainder of the Additional Lands.

5. The Prior Orders established 160-acre drilling and spacing units for the production of gas, including but not limited to coalbed methane, from the Ferron Formation in the following-described lands (hereafter the "Prior Lands"), which lands are adjacent and contiguous to the Additional Lands:

T13S, R10E, SLM, Carbon County, Utah

Section 20:	S $\frac{1}{2}$
Section 21:	S $\frac{1}{2}$
Section 22:	All
Section 23:	All
Section 24:	All
Section 25:	All
Section 26:	All
Section 27:	All
Section 28:	All
Section 29:	All
Section 31:	SE $\frac{1}{4}$
Section 32:	All
Section 33:	All
Section 34:	All
Section 35:	All
Section 36:	All

T14S, R10E, SLM, Carbon County, Utah

Section 1:	All
Section 2:	All
Section 3:	All
Section 4:	All
Section 5:	All

Section 6:	Lots 1-5, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ NE $\frac{1}{4}$ [N $\frac{1}{2}$ ]; SE $\frac{1}{4}$
Section 7:	NE $\frac{1}{4}$
Section 8:	All
Section 9:	All
Section 10:	All
Section 11:	All

6. The Prior Orders also established the following:

a. That Petitioner is an operating rights owner in all or nearly all of the Prior Lands, that Petitioner has drilled, completed and operated numerous wells within the Prior Lands for the purpose of producing coalbed methane from the Ferron Formation, and that Petitioner intends to drill, complete and operate additional wells within the Prior Lands for the same purpose;

b. That the Ferron Formation, including all coal and surrounding sands, constitutes one pool for gas contained within the Prior Lands, and that one well will efficiently and economically drain 160 acres in that pool;

c. That 160-acre drilling and spacing units within the Prior Lands will allow for the orderly development of the Prior Lands, prevent waste in the drilling of unnecessary wells, adequately protect the correlative rights of all affected parties and result in the greatest recovery of hydrocarbon substances, and is just and reasonable; and

d. That each such unit should comprise a governmental quarter section (e.g. NE $\frac{1}{4}$ ) or equivalent lots, and the permitted well for each such unit should be located no closer than 920 feet from other wells completed in and producing from the Ferron Formation and no closer than 460 feet from the outer boundary of the 160-acre drilling and spacing unit, except as may otherwise be

permitted by administrative action for topographic or geologic reasons.

7. Petitioner intends to drill, complete and operate one or more wells within the Additional Lands, which lands are adjacent and contiguous to the Prior Lands, for the purpose of producing coalbed methane from the Ferron Formation within the Additional Lands.

8. The Ferron Formation, including all coal and surrounding sands, constitutes one pool for gas contained within the Prior Lands and the Additional Lands, and one well will efficiently and economically drain 160 acres in that pool. The Additional Lands are not currently subject to any spacing order by this Board.

9. The establishment of 160-acre drilling and spacing units within the Additional Lands will allow for the orderly development of the Additional Lands, prevent waste in the drilling of unnecessary wells, adequately protect the correlative rights of all affected parties, and result in the greatest recovery of hydrocarbon substances, and is just and reasonable under the circumstances.

10. It is therefore appropriate to authorize expansion of the lands spaced under the Prior Orders by amending the Prior Orders to approve similar 160-acre drilling and spacing units for the production of gas, including but not limited to coalbed methane, from the Ferron Formation (including all coals and surrounding sands) within the Additional Lands.

11. Consistent with the Prior Orders, each such unit should comprise a governmental quarter section (e.g. NE $\frac{1}{4}$ ) or equivalent lots, and the permitted well for each such unit should be located no closer than 920 feet from other wells completed in and producing from the Ferron Formation and no closer than 460 feet from the outer boundary of the 160-acre drilling and spacing unit, or as may otherwise be permitted by administrative action for topographic or geologic reasons.

12. Petitioner or its agents have diligently searched the relevant public land records to determine those owners whose legally protected interests in the Additional Lands will be affected by this Petition and caused a copy of the Petition to be mailed to their last known address. Notice of the hearing was also mailed to said owners by the Board. None of said owners have objected in any way to the Petition.

#### CONCLUSIONS OF LAW

1. Due and regular notice of the time, place and purpose of the hearing on this Petition was given to all interested owners in the form and manner required by law and the rules of the Board. The Petition was properly before the Board at the hearing.

2. The Board has jurisdiction over the matters covered by the Petition and over all interested parties therein, and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The Petition should be granted.

ORDER

After considering the testimony and evidence presented at the hearing, along with the comments and recommendations received from representatives of the Division and the BLM, the Board, having made the foregoing Findings of Fact and Conclusions of Law, now enters the following Order:

A. The Petitioner's Request for Agency Action is granted.

B. The Board's Prior Orders are hereby amended to make the Additional Lands subject to the Prior Orders, the effect of said amendment being:

1. The establishment of 160-acre drilling and spacing units for the Additional Lands (as defined herein) for the production of gas, including but not limited to coalbed methane, from the Ferron Formation (as defined herein) including all coals and surrounding sands; and

2. Each such unit shall comprise a governmental quarter section (e.g. NE $\frac{1}{4}$ ) or equivalent lots, and the permitted well for each such unit shall be located no closer than 920 feet from other wells completed in and producing from the Ferron Formation and no closer than 460 feet from outer boundary of the 160-acre drilling and spacing unit, unless otherwise permitted by administrative action approved by the Division in compliance with Utah Administrative Code R649-3-3 (i.e., rule governing "Exception to Location and Siting of Wells").



C. Pursuant to Utah Administrative Code R641 and Utah Code Ann. § 63-46b-6 to -10 (1953, as amended), the Board has considered and decided this matter as a formal adjudication.

D. This Findings of Fact, Conclusions of Law, and Order ("Order") is based exclusively on evidence of record in the adjudicative proceeding or on facts officially noted, and constitutes the signed written order stating the Board's decision and the reasons for the decision, all as required by the Administrative Procedures Act, Utah Code Ann. § 63-46b-10 and Utah Administrative Code R641-109.

E. Notice re Right to Seek Judicial Review by the Utah Supreme Court or to Request Board Reconsideration: As required by Utah Code Ann. § 63-46b-10 (1953, as amended), the Board hereby notifies all parties in interest that they have the right to seek judicial review of this final Board Order in this formal adjudication by filing a timely appeal with the Utah Supreme Court within 30 days after the date that this Order issued. Utah Code Ann. § 63-46b-14(3)(a) and -16 (1953, as amended). As an alternative to seeking immediate judicial review, and not as a prerequisite to seeking judicial review, the Board also hereby notifies parties that they may elect to request that the Board reconsider this Order, which constitutes a final agency action of the Board. Utah Code Ann. § 63-46b-13, entitled "Agency review - reconsideration," states:

(1)(a) Within 20 days after the date that an order is issued for which review by the agency or by a superior agency under Section 63-46b-12 is unavailable, and if the order would otherwise constitute final agency action, any

party may file a written request for reconsideration with the agency, stating the specific grounds upon which relief is requested.

(b) Unless otherwise provided by statute, the filing of the request is not a prerequisite for seeking judicial review of the order.

(2) The request for reconsideration shall be filed with the agency and one copy shall be sent by mail to each party by the person making the request.

(3)(a) The agency head, or a person designated for that purpose, shall issue a written order granting the request or denying the request.

(b) If the agency head or the person designated for that purpose does not issue an order within 20 days after the filing of the request, the request for reconsideration shall be considered to be denied.

The Board also hereby notifies the parties that Utah Administrative Code R641-110-100, which is part of a group of Board rules entitled "Rehearing and Modification of Existing Orders," states:

Any person affected by a final order or decision of the Board may file a petition for rehearing. Unless otherwise provided, a petition for rehearing must be filed no later than the 10th day of the month following the date of signing of the final order or decision for which the rehearing is sought. A copy of such petition will be served on each other party to the proceeding no later than the 15th day of that month.

See Utah Administrative Code R641-110-200 for the required contents of a petition for rehearing. If there is any conflict between the deadline in Utah Code Ann. § 63-46b-13 (1953, as amended) and the deadline in Utah Administrative Code R641-110-100 for moving to rehear this matter, the Board hereby rules that the later of the two deadlines shall be available to any party moving to rehear this matter. If the Board later denies a timely petition for rehearing, the party may still seek judicial review of the Order by perfecting a timely appeal with the Utah Supreme Court within 30 days thereafter.

F. The Board retains continuing jurisdiction over all the parties and over the subject matter of this matter, except to the extent said jurisdiction may be divested by the filing of a timely appeal to seek judicial review of this Order by the Utah Supreme Court.

G. For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

ISSUED this 26<sup>th</sup> day of September, 2000.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

By

  
Dave D. Lauriski, Chairman

F. The Board retains continuing jurisdiction over all the parties and over the subject matter of this matter, except to the extent said jurisdiction may be divested by the filing of a timely appeal to seek judicial review of this Order by the Utah Supreme Court.

G. For all purposes, the Chairman's signature on a faxed copy of this Order shall be deemed the equivalent of a signed original.

ISSUED this \_\_\_\_\_ day of \_\_\_\_\_, 2000.

STATE OF UTAH  
BOARD OF OIL, GAS AND MINING

By \_\_\_\_\_  
Dave D. Lauriski, Chairman

### CERTIFICATE OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER in Docket No. 2000-010, Cause No. 241-4 to be mailed with postage prepaid, this 26<sup>TH</sup> day of September, 2000, to the following:

#### CERTIFIED MAIL

Z 350 464 586

Daniel A. Jensen

Attorney for Anadarko Petroleum Corp.  
Parr Waddoups Brown Gee & Loveless  
185 South State Street, Suite 1300  
Salt Lake City, UT 84111-1537

Thomas A. Mitchell

Assistant Attorney General  
160 East 300 South, 5th Floor  
P.O. Box 140857  
Salt Lake City, UT 84114-0857

Kurt E. Seel

Assistant Attorney General  
160 East 300 South, 5th Floor  
P.O. Box 140857  
Salt Lake City, UT 84114-0857

John R. Baza, Associate Director  
Utah Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, UT 84114-5801  
(Hand Delivered)

Anadarko Petroleum Corporation  
Attn: Patrick A. Smith  
17001 Northchase Drive  
P.O. Box 1330  
Houston, TX 77251-1330

United States Department of the Interior  
Bureau of Land Management  
Moab Office  
Attn: Eric Jones  
82 East Dogwood  
Moab, UT 84532

Utah School and Institutional  
Trust Lands Administration  
Attn: John W. Andrews  
675 East 500 South, Suite 500  
Salt Lake City, UT 84102

Paul J. Sheya and  
Lynne M. Sheya  
1431 West 400 North  
Price, UT 84501

Ross Fazzio  
1274 West 820 North  
Provo, UT 84601

Sam Fazzio, Jr.  
1914 West 550 North  
Provo, UT 84601

Joseph Fazzio  
1710 N.W. Independence Hwy.  
Albany, OR 97321

Isacc Fazzio  
Rt. 1, Box 92-B  
Helper, UT 84526

Joseph Fazzio and Martha Fazzio  
Rt. 1, Box 92  
Helper, UT 84526

Teresa Fazzio Ori  
1410 S. West Temple #1  
Salt Lake City, UT 84115

Basil Bill Perri and Frances D.  
Perri, Trustees of the Basil  
Bill Perri Family Trust  
Rt. 1, Box 21-A  
Helper, UT 84526

Ross Perri and Ermida Perri  
73 Locust St.  
Helper, UT 84526

Venice P. Lami and Greno Lami,  
Trustees of the Vince P. Lami  
Family Trust  
433 N. Carbonville Rd.  
Price, UT 84501

Florence Butkovich and John  
Butkovich (Deceased)  
East of Price, UT  
(Possible contact:  
John Butkovich, Jr.  
1780 East 800 North  
Price, UT 84501)

Tony Perri and Ann Perri  
4154 Blue Hill Dairy Rd.  
Helper, UT 84526

Mike J. Perri and Ellen Perri,  
Trustees of the Mike J. Perri  
Family Trust  
114 Morning Glory Way  
Rock Springs, WY 82901

Angelo Perri and Irene Perri  
Rt. 1, Box 95-J  
Helper, UT 84526

Tony Beacco and Emma Beacco,  
Trustees of the Emma Beacco  
Family Trust  
851 North 400 East  
Price, UT 84501

Denise M. Kobe and  
Jack E. Kobe, II  
1482 West 4200 North  
Helper, UT 84526

Agnes F. Ori, Frances E. Smith  
and John D. Ori  
Rt. 1, Box 95-C  
Helper, UT 84526

Billy G. Kirkwood and  
Nicki A. Kirkwood  
4187 North 1400 West  
Spring Glen, UT 84526

Linden Wayne and Kathleen Laws  
Rt. 1, Box 94-B  
Helper, UT 84526

Irene Perri  
Rt. 1, Box 95  
Helper, UT 84526

M. Craig Dastrup and  
Laura Dastrup  
4232 North 1400 West  
Helper, UT 84526

Rod Crowe  
4211 North 1400 West  
Helper, UT 84526

Arthur J. Salas and  
Terri A. Salas  
115 N. Blue Hill Dairy Rd.  
Helper, UT 84526

Gene D. Birch and  
Karen S. Birch  
Rt. 1, Box 95J  
Helper, UT 84526

Betty Lou Lander and  
Vopel H. Lander, Jr.  
P.O. Box 507  
Price, UT 84501

Richard T. Edwards  
1455 West 4200 North  
Helper, UT 84526

Frank S. Atwood and  
Marilyn Atwood  
1489 West 4200 North  
Helper, UT 84526

Tony Beacco and Emma Beacco,  
Trustees of the Tony Beacco  
Family Trust  
851 North 400 East  
Price, UT 84501

Vera Marston and  
Bill W. Marston  
Rt. 1, Box 106-J  
Helper, UT 84526

Joseph S. Bonacci  
42 Bryner St.  
Helper, UT 84526

The Chandler Company  
475 17th St., Suite 1000  
Denver, CO 80202-4090

Black Hawk Coal Company  
c/o AEC  
One Memorial Drive  
Lancaster, OH 43130

Carbon County  
120 East Main  
Price, UT 84501

River Gas Corporation  
1300 McFarland Blvd. NE, Suite 300  
Tuscaloosa, AL 35406-2233

Robert L. Bayless  
621 17th Street #1640  
Denver, CO 80293

Plateau Mining Corporation  
Willow Creek Mine  
847 Northwest Highway 191  
Helper, UT 84526

David R. Cave and Mildred Cave  
3379 East Highway 6  
Price, UT 84501

Judson Critchlow and  
Cherie Critchlow  
229 South 500 East  
Price, UT 84501

C.A. Goodall  
11252 South Wyngate Lane  
Sandy, UT 84092

Lucy Z. Hausknecht  
2158 Terra Linda Drive  
Salt Lake City, UT 84124

Henry Scorzato  
HC 35, #5  
Kenilworth, UT 84529


Gladys Saccomanno  
1699 West Kenilworth  
Helper, UT 84526

Frank Saccomanno  
1522 West Kenilworth  
Helper, UT 84526

Charles Saccomanno Family Trust  
c/o Charles & Grace Saccomanno  
Rt. 1, Box 24  
Helper, UT 84526

Plateau Mining Company  
c/o RAG American Coal  
999 Corporate Blvd.  
Linthicum Heights MD 21090-2227

Bureau of Land Management  
Utah State Office  
324 South State Street, Suite 301  
Salt Lake City, UT 84145-0155

  
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